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CALIFORNIA



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August 27, 2026

The Honorable City Council
Room No. 395
City Hall

CF 20-1176: AMENDMENT NO. 2 TO THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY WATER INFRASTRUCTURE FINANCE AND INNOVATION ACT PROGRAM LOAN AGREEMENT FOR THE DONALD C. TILLMAN ADVANCED WATER PURIFICATION FACILITY PROJECT

The Bureau of Sanitation recommends that the City Council:

1. **AUTHORIZE** the Executive Director and General Manager of the Bureau of Sanitation and the City Administrative Officer to enter into and execute Amendment No. 2 to the WIFIA Loan Agreement with the U.S. EPA to revise the project definition, and authorize the execution and delivery of any other documents or certificates and any related actions in connection therewith.

DISCUSSION

On September 1, 2021, the City Council authorized the City Administrative Officer (CAO) and the Director of the Bureau of Sanitation to enter into a Water Infrastructure Finance and Innovation Act (WIFIA) Loan Agreement (the Original WIFIA Loan Agreement) with the United States Environmental Protection Agency (EPA) for up to \$223,921,010, to be used to finance a portion of the Donald C. Tillman Advanced Water Purification Facility (AWPF) Project (the Project) which consists of the following components, as defined in the Original WIFIA Loan Agreement:

zero waste • zero wasted water

AN EQUAL EMPLOYMENT OPPORTUNITY - AFFIRMATIVE ACTION EMPLOYER

- (a) a new AWPf treatment train to treat up to approximately nineteen (19) million gallons per day (MGD) of undisinfected tertiary effluent from the Donald C. Tillman Water Reclamation Plant to produce up to approximately fifteen and a half (15.5) MGD of purified water suitable for groundwater replenishment via the Hansen Spreading Grounds;
- (b) new larger maintenance and warehouse facilities to support the growth of the plant's additional processes and systems due to the Project and an ancillary warehouse to support the demolition of the existing maintenance and warehouse facilities; and;
- (c) one new primary equalization tank with a total volume of approximately 6.75 million gallons of influent storage capacity to allow the AWPf to operate at a constant flow.

The Original WIFIA Loan Agreement was executed and delivered on September 23, 2021. On September 24, 2024 the City Council approved Amendment No. 1 to the Original WIFIA Loan Agreement (First WIFIA Amendment, and together with the Original WIFIA Loan Agreement, the WIFIA Loan Agreement) to allow for earlier disbursement of proceeds based on a revised funding plan for the Project. The First WIFIA Amendment was executed and delivered on October 17, 2024. Disbursement of proceeds under the WIFIA Loan Agreement commenced in January 2025.

Under the WIFIA Loan Agreement, the Project is required to use only iron and steel products produced in the United States (AIS). In March 2026, LASAN became aware of complications relating to such AIS requirements with respect to the maintenance and warehouse facility (which represents a part of component (b) in the definition of the Project). Ford E.C., the contractor for this component of the Project, and their vendors, reported that some non-compliant iron and steel products were ordered and installed. The contractor and vendors attributed the procurement and installation of the non-compliant materials to the low market availability of AIS-compliant products at the time, which would have resulted in longer production and delivery timelines that would have impacted the Project component's schedule.

Upon discovery of the issue, the City's project and finance team (including LASAN, the Bureau of Engineering, the Bureau of Contract Administration, the CAO, and the Office of the City Attorney) informed the EPA. After discussions with the EPA, it was mutually determined that an amendment to the WIFIA Loan Agreement to remove component (b) from the defined scope of the Project would resolve this matter. Amendment No. 2 to the WIFIA Loan Agreement (Attachment A) will revise the definition of the Project accordingly and make conforming changes to Project references throughout the agreement.

The Project's core scope, the AWPf treatment train component, estimated to cost upwards of \$500,000,000, and the equalization tank component, will remain unchanged. At the time of this report, the maintenance and warehouse facility costs are approximately \$10,000,000 and only represents a relatively small fraction of the overall Project costs. The removal of maintenance

and warehouse facility's costs does not affect the funding plan or the total principal amount of the WIFIA loan. The full loan amount of \$223,921,010 will still be utilized to partially finance the AWPf treatment train component (component (a) in the definition of the Project). All other material terms and provisions of the WIFIA Loan Agreement will remain unchanged.

FISCAL IMPACT STATEMENT

The Amendment No. 2 to the WIFIA Loan Agreement has no financial impact to the WIFIA Loan Agreement nor to the Project.

The total principal amount of the WIFIA Loan Agreement remains \$223,921,010, and its interest rate remains 1.72 percent - as they were in the Original WIFIA Loan Agreement.

The Project's funding plan remains unchanged. Future loan disbursements will continue to be used to finance a portion of the Project's AWPf treatment train component.

Sincerely,

A handwritten signature in black ink, appearing to read "Joone Kim-Lopez".

JOONE KIM-LOPEZ

Executive Director and General Manager
Bureau of Sanitation

JKL/ES:tp

Attachment:

- [Attachment A - WIFIA Amendment No. 2](#)

AMENDMENT NO. 2

dated as of [____], 2026

between

**UNITED STATES
ENVIRONMENTAL PROTECTION AGENCY**

and

CITY OF LOS ANGELES

in connection with the

**WIFIA Loan Agreement dated as of September 23, 2021 and
amended by Amendment No. 1, dated as of October 17, 2024,
between the United States Environmental Protection Agency, acting
by and through the Administrator of the Environmental Protection
Agency, and the City of Los Angeles, for the D.C. Tillman Advanced
Water Purification Facility Project (WIFIA ID – N18109CA)**

AMENDMENT NO. 2

THIS AMENDMENT NO. 2 (this “**Amendment No. 2**”), dated as of [____], 2026 is by and between **CITY OF LOS ANGELES**, a municipal corporation and charter city of the State of California, with an address at 200 North Main Street, Room 1500, Los Angeles, California 90012 (the “**Borrower**”), and the **UNITED STATES ENVIRONMENTAL PROTECTION AGENCY**, an agency of the United States of America, acting by and through the Administrator of the Environmental Protection Agency (the “**Administrator**”), with an address at 1200 Pennsylvania Avenue NW, Washington, DC 20460 (the “**WIFIA Lender**”).

RECITALS:

WHEREAS, pursuant to the Water Infrastructure Finance and Innovation Act (“**WIFIA**”), § 5021 *et seq.* of Public Law 113-121 (as amended, and as may be further amended from time to time, the “**Act**”), which is codified as 33 U.S.C. §§ 3901-3915, the WIFIA Lender is authorized to enter into agreements to provide financial assistance with one or more eligible entities to make secured loans with appropriate security features to finance a portion of the eligible costs of projects eligible for assistance;

WHEREAS, the Borrower and the WIFIA Lender entered into that certain WIFIA Loan Agreement (WIFIA ID – N18109CA), dated as of September 23, 2021 and amended by Amendment No. 1, dated as of October 17, 2024 (as amended, the “**WIFIA Loan Agreement**”), for the provision of a WIFIA Loan (as defined in the WIFIA Loan Agreement) in a principal amount not to exceed two hundred twenty three million nine hundred twenty one thousand ten Dollars (\$223,921,010) to be used to pay a portion of the Eligible Project Costs (as defined in the WIFIA Loan Agreement) related to the Project (as defined in the WIFIA Loan Agreement);

WHEREAS, the parties hereto have agreed to make certain amendments to the WIFIA Loan Agreement as set forth below; and

WHEREAS, the WIFIA Lender has entered into this Amendment No. 2 in reliance upon, among other things, the information and representations of the Borrower set forth in this Amendment No. 2 and the supporting information provided by the Borrower.

NOW THEREFORE, the parties to this Amendment No. 2 hereby agree as follows:

Definitions.

Except as otherwise expressly provided herein or unless the context otherwise requires, capitalized terms not otherwise defined herein shall have the meanings specified in the WIFIA Loan Agreement.

Amendments.

Each of the parties hereto hereby agree to amend the WIFIA Loan Agreement, as follows:

(a) Section 1 (*Definitions*) of the WIFIA Loan Agreement is hereby amended as follows:

(i) The definition of “Project” is hereby amended and restated in its entirety as follows:

“**Project**” means the D.C. Tillman Advanced Water Purification Facility Project, consisting of the following components with respect to the Borrower’s Donald C. Tillman Water Reclamation Plant (the “**DCTWRP**”):

- (a) a new advanced water purification facility (“**AWPF**”) treatment train to treat up to approximately nineteen (19) million gallons per day (“**MGD**”) of undisinfected tertiary effluent from the DCTWRP to produce up to approximately fifteen and a half (15.5) MGD of purified water suitable for groundwater replenishment via the Hansen Spreading Grounds; and
- (b) new primary equalization basin(s) with a total volume of approximately 6.75 million gallons of influent storage capacity to allow the AWPF to operate at a constant flow.

(b) Schedule I (*Project Budget*) to the WIFIA Loan Agreement is hereby replaced with Annex I attached hereto.

(c) Schedule II (*Construction Schedule*) to the WIFIA Loan Agreement is hereby replaced with Annex II attached hereto.

(d) Schedule 12(n) (*Principal Project Contracts*) to the WIFIA Loan Agreement is hereby replaced with Annex III attached hereto.

Representations and Warranties.

The Borrower hereby represents and warrants that (a) the execution and delivery of this Amendment No. 2 has been duly authorized; (b) this Amendment No. 2 constitutes its legal, valid and binding obligation, enforceable in accordance with its terms; (c) the execution, delivery and performance of this Amendment No. 2 do not conflict with any provision of its charter or applicable law; (d) the information it has provided to the WIFIA Lender in connection with this Amendment No. 2 is true and correct in all material respects and does not omit any information related to the matters contemplated in this Amendment No. 2, the omission of which makes such information materially misleading in any respect; (e) as of the date hereof, there is no Default or Event of Default, or any event that, with the giving of notice and/or the passage of time, would constitute a Default or Event of Default, that has occurred and is continuing; and (f) as of the

date hereof, all proceeds of the WIFIA Loan disbursed pursuant to the WIFIA Loan Agreement have been applied solely to pay Eligible Project Costs in accordance with the WIFIA Loan Agreement.

Miscellaneous.

(a) Each of the parties hereto agree that:

(i) this Amendment No. 2 amends and supplements the WIFIA Loan Agreement and is entered into in accordance with Section 24 (*Amendments and Waivers*) of the WIFIA Loan Agreement;

(ii) any reference in any of the WIFIA Loan Documents, or in any agreement, document or instrument contemplated thereby, to the WIFIA Loan Agreement shall be deemed to be a reference to the WIFIA Loan Agreement as amended by this Amendment No. 2;

(iii) the terms and conditions of the WIFIA Loan Agreement shall continue in full force and effect unchanged, except as expressly amended by this Amendment No. 2;

(iv) except as expressly provided in this Amendment No. 2, no provision of this Amendment No. 2 shall be deemed (A) to be a consent, waiver, supplement to or modification of the term or any condition of the WIFIA Loan Agreement, any other WIFIA Loan Document or any of the instruments referred to therein, or (B) to prejudice any rights or remedies which the WIFIA Lender may have now or in the future under or in connection with the WIFIA Loan Agreement as amended by this Amendment No. 2, or any other WIFIA Loan Document; and

(v) this Amendment No. 2 shall be a WIFIA Loan Document.

(b) The provisions of Sections 18 (*Disclaimer of Warranty*) through (and including) Section 32 (*Indemnification*) of the WIFIA Loan Agreement are incorporated herein and shall apply herein, *mutatis mutandis*, as if set out in this Amendment No. 2 in full (and as if each reference therein to “this Agreement” were, or included (as applicable), a reference to this Amendment No. 2).

(c) This Amendment No. 2 may be executed in any number of counterparts and by the different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document. Electronic signatures are effective, valid and enforceable for any counterpart to this Amendment No. 2 executed by the parties hereto. Electronic delivery of an executed counterpart of a signature page of this Amendment No. 2 or of any document or instrument delivered in connection herewith in accordance with Section 31 (*Notices*) of the WIFIA Loan Agreement

shall be effective as delivery of an original executed counterpart of this Amendment No. 2 or such other document or instrument, as applicable.

(d) This Amendment No. 2 shall be effective as of the date set forth on the first page of this Amendment No. 2.

[Signature pages follow on next page]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 2 to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

CITY OF LOS ANGELES,
a Municipal Corporation

By signing below, the signatory attests that they have no personal, financial, beneficial or familial interest in this contract

By: _____
Name: Benjamin Ceja
Title: Assistant City Administrative Officer

BUREAU OF SANITATION OF THE CITY OF
LOS ANGELES

By: _____
Name: Joone Kim-Lopez
Title: Director and General Manager

APPROVED AS TO FORM:

HYDEE FELDSTEIN SOTO, City Attorney

By: _____
Deputy City Attorney

**UNITED STATES ENVIRONMENTAL
PROTECTION AGENCY**, acting by and
through the Administrator of the
Environmental Protection Agency

By: _____

Name: Alejandro Escobar

Title: Acting Director, WIFIA Program

ANNEX I

SCHEDULE I

PROJECT BUDGET

SOURCES OF FUNDS	AMOUNT (\$ USD)	PERCENTAGE (%)
WIFIA Loan	\$223,921,010	32.0%
California State Water Board – Water Recycling Funding Program Grant	\$15,000,000	2.1%
U.S. Bureau of Reclamation – WaterSMART Planning Grant	\$318,823	0.1%
LASAN PAYGO (Cash from Operations)	\$10,000,000	1.4%
LADWP Reimbursement (Capital Contribution)	\$451,260,167	64.4%
Total Sources of Funds	\$700,500,000	100.00%

USES OF FUNDS	AMOUNT (\$ USD)			PERCENTAGE (%)
Project Phase	AWPF Treatment Train	EQ Basins	Total	
Pre-Construction	\$32,500,000.00	\$8,000,000.00	\$40,500,000.00	5.8%
Construction	\$500,000,000.00	\$160,000,000.00	\$660,000,000.00	94.2%
Total Uses of Funds	\$532,500,000.00	\$168,000,000.00	\$700,500,000.00	100.00%
Total Eligible Project Costs	\$532,500,000.00	\$168,000,000.00	\$700,500,000.00	100.00%
Total Project Costs	\$532,500,000.00	\$168,000,000.00	\$700,500,000.00	100.00%

ANNEX II
SCHEDULE II
CONSTRUCTION SCHEDULE

Projected Substantial Completion Date: September 30, 2027

PROJECT ELEMENT	DESIGN COMPLETION	CONSTRUCTION START	CONSTRUCTION SUBSTANTIAL COMPLETION
Donald C. Tillman Water Reclamation Plant (“DCTWRP”) Advanced Water Purification Facility (“AWPF”) Treatment Train	July 2026	December 2024	September 2027
DCTWRP AWPF Primary Equalization Basin(s)	November 2025	December 2025	May 2027

ANNEX III

SCHEDULE 12(n)

PRINCIPAL PROJECT CONTRACTS

A. Existing Principal Project Contracts

Contract Name	Effective Date	Amount	Parties	Description
DCTWRP AWPf Treatment Train - Progressive Design Build Contract	2/10/2023	\$522,382,750.71	Borrower, and Jacobs Project Management Company	Contract C-142633, as amended, DCTWRP AWPf Treatment Train - Design, Construction, and Performance Validation
DCTWRP Advanced Water Equalization Basins - Progressive Design Build Contract	10/24/2024	\$167,652,977.00	Borrower, and Jacobs Project Management Company	Contract C-146599, as amended, DCTWRP Advanced Water Equalization Basins - Design, Construction, and Performance Validation

B. Additional Principal Project Contracts

None.